

MINUTES

**BOARD OF DIRECTORS
SCOTTSDALE PRESERVE AUTHORITY
Finance and Accounting Conference Room, Suite 210
One Civic Center
7447 East Indian School Road
Scottsdale, Arizona**

February 8, 2011

Present: William Schrader, President
Jim Jenkins, Vice President (telephonic)
Larry Aungst
Fredda Bisman
Kenneth Harder

Staff: Lee Guillory, Finance Manager
David Smith, City Treasurer

Guests: Bill Davis, Piper Jaffray
Scott Ruby, Gust Rosenfeld

1. Call to Order and Roll Call

President Schrader called the special meeting of the Scottsdale Preserve Authority to order at 8:01 a.m. He apologized for his absence at the last meeting in January. A formal roll call confirmed the members present as stated above.

2. Old Business:

a. Approval of Minutes of the January 18, 2011 Board meeting

BOARD MEMBER HARDER MOVED TO APPROVE THE JANUARY 18, 2011 SCOTTSDALE PRESERVE AUTHORITY MEETING MINUTES. BOARD MEMBER BISMAN SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0).

3. New Business:

a. Discussion and proposed approval of Resolution No. 2011-01 authorizing the issuance and sale of up to \$25,000,000 of the Board's Excise Tax Revenue Refunding Bonds, Series 2011, to refund prior Preserve Revenue Bonds

Ms. Guillory stated that as discussed at the January meeting, there is a possibility to refund some existing bonds at a lower interest rate. The City is looking at refunding bonds issued in 2001. The principal outstanding is \$12.625 million. The new bonds would be for approximately \$12.7 million. The overall debt savings over the life of the bonds is estimated at \$1.3 million, which represents almost 10 percent. Mr. Bill Davis of Piper Jaffray distributed an information packet.

Ms. Guillory reviewed that the existing bonds are callable July 1. The transaction can be completed 90 days prior to that. Staff has been watching market conditions.

In response to a question by Board Member Harder, Mr. Davis said that the resolution stipulates a minimum savings of three percent on a present value basis. The rates change on a daily basis.

Mr. Davis explained that because the bonds they are considering refinancing are themselves advanced refunding bonds, under federal tax law they cannot be advance refunded again. The City has to wait until after April 1 and hope that the market stays relatively stable in the interim. If the resolution is recommended by the Board and adopted by City Council, staff will be in a position to take advantage of refunding if the rates are low enough. If rates were to spike, they would not proceed. The theory is to be ready to price the bonds as early as mid-March although the City cannot close until after April 2.

Discussion about rates ensued. Mr. Davis said he expects interest rates will rise, but there have been articles recently about the risks of municipal bonds so people are pulling their money out. Board Member Harder said Scottsdale has a triple A rating and has fewer budget issues than most cities, even though the economy in Arizona has experienced problems. Mr. Davis opined that there will not be a problem to sell Scottsdale bonds. As part of the stimulus program there was an opportunity for several years for issuers to sell taxable Build America bonds. That expired at the end of 2010, but there has been some talk of reviving that program.

Ms. Guillory shared that a couple of years ago the City was considering issuing water and sewer refunding bonds. All the documents were ready but market conditions changed such that they waited almost 18 months to do that transaction. If market conditions are not favorable she told the Board the City would not proceed with the refunding. The documents would allow them to take advantage when the conditions are right. Council is scheduled to act on February 15. She added that she thought that it was just one credit rating agency that had given the Preserve bonds a triple A rating, the other two have rated them at AA+. These are still very strong ratings.

BOARD MEMBER HARDER MOVED TO APPROVE RESOLUTION 2011-01 AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$25,000,000 OF THE BOARD'S EXCISE TAX REVENUE REFUNDING BONDS, SERIES 2011. BOARD MEMBER AUNGST SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF FIVE (5) TO ZERO (0).

4. Public Comment

None noted.

5. Adjournment.

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 8:14 a.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz

Kenneth Harder, Secretary

William Schrader, President